

## Message Text

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70

ACTION NEA-10

INFO OCT-01 ISO-00 PM-04 CIAE-00 INR-07 NSAE-00 EB-07

OMB-01 TRSE-00 /030 W

----- 079067

R 061715Z APR 76

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 8253

INFO SECDEF ISA/DSAA WASHDC

USCINCEUR ECJ4/7 VAIHINGEN GER

C O N F I D E N T I A L RABAT 1908

E.O. 11652: GDS

TAGS: MASS

SUBJECT: MOROCCO - FMS CREDIT

REF: RABAT 0854

1. MUSLO HAS RECEIVED GOM REVISED REQUEST FOR APPROVAL FOR  
USE OF FMS CREDIT AS FOLLOWS:

FY75 (NO CHANGE)

T-34C DOWNPAYMENT	\$1,245,450
OLD LOCKHEED CONTRACT	1,105,480
NEW C-130H DOWNPAYMENT	11,469,070
TOTAL:	14,000,000

FY76

C-130H MARCH PROGRESS PAYMENT	\$9,086,361
C-130H JULY PROGRESS PAYMENT	10,367,716
T-34C FINAL PAYMENTS	3,736,350
DRAGON DOWNPAYMENT	5,740,000
UNCOMMITTED	1,069,573
TOTAL:	30,000,000

2. GOM REQUESTS FMS CREDIT FOR FY 77 AS FOLLOWS:

C-130H FINAL PAYMENTS	20,735,431
DRAGON PROGRESS/FINAL PAYMENTS	51,660,000

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TOTAL: 72,395,431

3. THE SUBSTANTIAL INCREASE REQUESTED IN PARA 2 OBVIOUSLY REFLECTS GOM'S REQUIREMENT FOR MORE CREDIT BUT ALSO STEMS IN PART FROM DESIRE TO AVOID MIXING SOURCES OF MONEY IN PAYMENT FOR GIVEN SYSTEMS. WE ARE TOLD THAT SUCH MIXING SERIOUSLY COMPLICATES CYCLE OF ALLOCATING AND APPROVING FUNDS FOR GIVEN PROJECTS. AVOIDANCE OF MIXING LIKELY TO LEAD TO SMOOTHER CONTINUITY IN PAYMENTS.

4. WITH THE RECEIPT OF THE DRAGON LOA, THE GOM PROJECTIONS FOR FMS CREDIT UTILIZATION IS NO LONGER VALID BECAUSE THE DRAGON PAYMENT SCHEDULE REQUIRES MORE FUNDS THAN AVAILABLE IN FY 76 IF MOROCCANS ALSO TRY TO PAY OFF THE T-34C'S WITH SAME YEAR FUNDS. FY 75 CREDIT USE SHOULD REMAIN AS CITED IN REFTEL; FY 76 CREDIT SHOULD REMAIN AS ALLOCATED IN REFTEL BUT WITH NEW AMOUNTS AS FOLLOWS:

FY 76

C-130H MARCH PROGRESS PAYMENT	\$9,086,361
C-130H JULY PROGRESS PAYMENT	10,367,716
DRAGON DOWN PAYMENT	7,435,583
DRAGON JAN 77 PROGRESS PAYMENTS	3,110,340
TOTAL	30,000,000

5. REFTEL ALLOCATION OF FY 77 CREDIT MODIFIED BY DRAGON PROGRESS PAYMENTS IS AS FOLLOWS:

FY 77

T-34C FINAL PAYMENTS	\$3,736,350
C-130H FINAL PAYMENTS	20,735,431
DRAGON JAN 77 PROGRESS PAYMENTS	8,001,330
DRAGON NOV 77 PROGRESS PAYMENTS	11,111,670
TOTAL:	43,584,478
PROJECTED AVAILABLE FMS CREDIT	30,000,000
DEFICIT:	(13,584,478)

THIS ALLOCATION IS PREDICATED UPON GOM OBTAINING FY 77 CREDIT BY 1 NOV 76 SINCE THE T-34C PAYMENTS COMMENCE AT THAT TIME.

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6. OUTYEAR PROJECTION ON DRAGON PROGRESS PAYMENTS IS AS FOLLOWS:

FY78 PROGRESS PAYMENT	16,667,504
FY79 PROGRESS & FINAL PAYMENTS	11,111,670

7. WE BELIEVE AT LEAST MODEST INCREASE IN FY77 FMS CREDITS TO \$45 MILLION DEFINITELY IN U.S. INTEREST. FOR ONE THING, INCREASE WILL HELP KEEP UP WITH HIGH RATE OF

INFLATION IN ARMS PRICES. ALSO, AUGMENTED CREDIT,  
ALTHOUGH STILL ONLY A VERY SMALL PORTION OF TOTAL  
MOROCCAN MILITARY PURCHASES, WILL CONSTITUTE ADDITIONAL  
ENCOURAGEMENT TO "BUY AMERICAN". INCREASE, FURTHERMORE,  
WOULD BE RECEIVED BY GOM AS WELCOME POLITICAL GESTURE.  
IF INCREASE TO \$45 MILLION IMPOSSIBLE, WE WOULD HOPE  
THAT A MINIMUM OF \$5 MILLION BE ADDED IN ORDER TO HELP  
GOM MEET DRAGON PAYMENTS SCHEDULE WITH FMS FUNDS.  
ANDERSON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, MILITARY SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976RABAT01908  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ACTION NEA  
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**Reference:** 76 RABAT 854  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
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**Review Date:** 21 JUN 2004  
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**Review History:** RELEASED <21 JUN 2004 by buchant0>; APPROVED <08 OCT 2004 by greeneet>  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MOROCCO - FMS CREDIT  
**TAGS:** MASS, US, MO  
**To:** STATE  
**Type:** TE  
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